

## Message Text

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ORIGIN EUR-12

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EA-12 FRB-01 INR-10 IO-14 NEA-10 NSAE-00 ICA-20  
OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00  
OMB-01 SS-15 SOE-02 DODE-00 DOE-15 H-02 INT-05  
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FM SECSTATE WASHDC  
TO AMEMBASSY PARIS

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USOECD

E.O. 11652:N/A

TAGS: ENRG

SUBJECT: TALKING POINTS FOR APRIL 25 CEP

REF: PARIS 10722

AT MEETING OF CEP, U.S. REP MAY WISH TO DRAW ON FOLLOWING  
BACKGROUND INFORMATION AND TALKING POINTS WHEN PRESENTING  
U.S. POSITION ON KEY AGENDA ITEMS.

ITEM 3. ACTIVITIES OF THE IEA

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IN THE MAIN SUBSTANTIVE ACTION OF THE MEETING, GB ENDORSED  
THE THRUST OF THE STANDING GROUP ON LONG-TERM COOPERATION  
(SLT) REPORT ON COUNTRY ENERGY POLICY RENEWALS, AGREED THAT  
BOTH OVERALL REPORT AND INDIVIDUAL COUNTRY REPORTS SHOULD  
BE PUBLISHED AND ADOPTED CONCLUSION WHICH WILL BE PUBLISHED  
ALONG WITH SLT AND R & D COUNTRY REVIEW REPORTS. IN A  
BRIEF, LARGELY PROCEDURAL DISCUSSION, THE GB AGREED THAT

THE SECRETARIAT COAL STUDY SHOULD BE REVIEWED BY SLT AND ITS ACCELERATED DEVELOPMENT SUBGROUP AND THAT THERE SHOULD BE FURTHER POLICY ORIENTED DISCUSSION BY THE GB BEFORE A DECISION IS TAKEN ON PUBLICATION.

TALKING POINTS:

THE U.S. WELCOMES THE OUTCOME OF THE RECENT GOVERNING BOARD MEETING HELD IN TOKYO. THE AGREEMENT TO PUBLISH THE SLT OVERALL REPORT, INDIVIDUAL COUNTRY REVIEWS AND THE R & D COUNTRY REVIEWS WILL MAKE AVAILABLE TO THE PUBLIC A SUBSTANTIAL AMOUNT OF VALUABLE DATA AND ANALYSIS. WE ARE SURE THAT COUNTRIES WILL FIND THIS INFORMATION USEFUL WHEN WORKING ON THEIR OWN FUTURE ENERGY PLANS.

ITEM 4. ENERGY COOPERATION WITH DEVELOPING COUNTRIES

AT THE DECEMBER MEETING OF THE CEP THE FRENCH DELEGATION RAISED THE POSSIBILITY OF A NEW INITIATIVE ON RELATIONS WITH DEVELOPING COUNTRIES. LANTZKE WHO OBTAINED GROUP AGREEMENT TO PURSUE THE MATTER OUTSIDE THE MEETING, HAS BEEN DISCUSSING THE IDEA OF A JOINT SUBCOMMITTEE COMPOSED OF REPRESENTATIVES FROM THE BURROWS GROUP AND THE CEP. AT A SUBSEQUENT IEA MEETING THE U.S. REP INFORMALLY INDICATED THAT THE U.S. WOULD CONSIDER SUCH AN ARRANGEMENT BUT ONLY IF IT UNDERSTOOD THAT FOR IEA COUNTRIES DECISION MAKING UNCLASSIFIED

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POWER REMAINS IN GOVERNING BOARD AND IMPLEMENTING POWERS REMAIN IN THE BURROWS GROUP. IT IS NOT YET CLEAR THAT THIS LIMITATION IS ACCEPTABLE TO ALL RELEVANT FRENCH MINISTRIES. WHEN THE TOPIC WAS BROACHED AT THE TOKYO GB OF THE IEA, SEVERAL DELEGATIONS (UK ET AL) IN ADDITION TO THE U.S. EXPRESSED DOUBTS ABOUT THE NECESSITY OF FORMING A NEW JOINT GROUP. IF THE ISSUE ARISES THE U.S. SHOULD MAINTAIN A LOW PROFILE, ALLOWING THE UK TO DO THE TALKING.

TALKING POINTS IF NECESSARY:

-- THE U.S. CONTINUES TO ATTACH IMPORTANCE TO THE ENERGY PROBLEMS OF DEVELOPING COUNTRIES AND WE ARE CONTINUING TO EVALUATE HOW BEST TO PROCEED, GIVEN THE ATTITUDES OF THE DEVELOPING COUNTRIES THEMSELVES, INCLUDING THE OPEC COUNTRIES. THERE WILL BE SEVERAL GENERAL OPPORTUNITIES FOR INFORMAL SOUNDINGS ON THIS SUBJECT IN THE U.N. AND ELSEWHERE. WE BELIEVE WE SHOULD AWAIT THE RESULTS OF THESE SESSIONS AND FURTHER INFORMAL CONSULTATIONS AMONG OURSELVES BEFORE REACHING ANY DECISIONS ON PROCEDURES OR SUBSTANCE.

ITEM 5. MAIN FEATURES OF NATIONAL ENERGY POLICIES -  
AUSTRALIA

POSSIBLE QUESTIONS:

-- WHAT IS AUSTRALIA'S STEAM COAL EXPORT POLICY? ARE THERE  
ANY RESTRICTIONS AND IF SO WHAT ARE THEY?

-- DOES AUSTRALIA HAVE ANY QUANTIFIED ENERGY GOALS (FOR  
DEMAND GROWTH, PERCENTAGE GROWTH IN USE OF COAL ETC.) AND  
IF SO HAVE THEY BEEN ENDORSED BY THE GOVERNMENT?

-- DOES AUSTRALIA HAVE ANY INDUSTRIAL ENERGY CONSERVATION  
POLICY? IF SO WHAT ARE ITS GOALS, QUANTIFIED OBJECTIVES  
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ETC.?

ITEM 6. SITUATION IN THE INTERNATIONAL OIL MARKET

EB(78)6 IS A GENERALLY ACCURATE DESCRIPTION OF THE CURRENT  
OIL MARKET. ADDITIONAL NORTH SEA AND NORTH SLOPE PRO-  
DUCTION HAVE COMBINED WITH LOW GROWTH RATES TO PRODUCE  
DOWNWARD PRESSURE ON PRICES, CRUDE OIL OVERSUPPLY, AND  
WEAK PRODUCT MARKETS. IT SHOULD BE EMPHASIZED THAT THIS  
IS A TEMPORARY PHENOMENON AND THE CRITICAL ENERGY SITUATION  
WHICH HAS BEEN PROJECTED WILL ONLY BE DELAYED SOMEWHAT,  
NOT AVOIDED UNLESS APPROPRIATE POLICY ACTIONS ARE TAKEN.

TALKING POINTS:

-- THE CURRENT MARKET SITUATION MAKES IT DIFFICULT TO  
EXPLAIN THE SERIOUSNESS OF THE GLOBAL ENERGY PROBLEM TO  
THE PUBLIC. WE SHOULD THEREFORE TAKE EVERY OPPORTUNITY  
TO POINT OUT THAT WHILE THERE IS A SLACK MARKET TODAY,  
WE MUST REALISTICALLY PLAN AGAINST THE RISK OF TIGHTENING  
MARKET IN THE MID 80'S. WHETHER THIS HAPPENS EARLIER OR  
LATER IN THE DECADE WILL BE HEAVILY INFLUENCED BY DEMAND  
FACTORS, PARTICULARLY WHETHER SATISFACTORY ECONOMIC GROWTH  
RATES ARE ATTAINED. WITHOUT INTENSIVE CONSERVATION AND  
ACCELERATED DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES TO  
ENABLE US TO MEET THE ENERGY REQUIREMENTS FOR ECONOMIC  
GROWTH, ECONOMIC AND POLITICAL CONSEQUENCES OF A TIGHT-  
ENING OIL MARKET IN THE 1980'S WILL BE SEVERE.

9. U.S. ENERGY SITUATION

TALKING POINTS:

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-- MR. CHAIRMAN, AS YOU KNOW, BOTH HOUSES OF THE CONGRESS HAVE PASSED THREE OF THE FIVE PARTS OF THE PRESIDENT'S ENERGY PROGRAM -- ENERGY CONSERVATION, ELECTRIC UTILITY RATE REFORM AND COAL CONVERSION. THERE REMAIN THE PARTS CONCERNING NATURAL GAS PRICING AND ENERGY TAXES.

-- AS OF FRIDAY AFTERNOON, THE CONFEREES WERE REPORTED NEAR A COMPROMISE FOR ENDING PRICE REGULATIONS OF NEW GAS IN 1985. THE PRESIDENT IS PLAYING AN ACTIVE ROLE IN THE FORMULATION OF THIS COMPROMISE.

.- THE DISCUSSION OF THE COET HAS BEEN DELAYED AS PRIMARY ATTENTION HAS BEEN DIRECTED TO THE NATURAL GAS ISSUE.

-- THE ADMINISTRATION IS MAKING EVERY EFFORT TO ASSURE PASSAGE OF THE COET. CHRISTOPHER

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